

SUGGESTED FORMAT
(for use with 1910-1-FA, 1997 Edition)

This is **Exhibit C**, consisting of ____ pages, referred to in and part of the **Agreement between OWNER and ENGINEER for Professional Services -- Funding Agency Edition**, dated _____.

WV Version 2002

Initial:

OWNER _____
ENGINEER _____

Payments to ENGINEER for Services and Reimbursable Expenses

Article 4 of the Agreement is supplemented as follows:

ARTICLE 4 -- PAYMENTS TO THE ENGINEER -- LUMP SUM METHOD

C.4.01 General

A. OWNER shall pay ENGINEER for all services described in Part 1 of Exhibit A performed or furnished by ENGINEER, with the exception of Resident Project Representative services, as follows:

1. For services performed or furnished under paragraph A.1.01, the Lump Sum amount of _____ Dollars (\$ _____) after the Study and Report Phase Services are considered complete as defined in Exhibit A.
2. For services performed or furnished under paragraphs A.1.02 through A.1.06 (excluding the services of the Resident Project Representative), the Lump Sum amount of _____ Dollars (\$ _____).

a. Preliminary Design Phase	20%	\$ _____
b. Final Design Phase	50%	\$ _____
c. Bidding or Negotiating Phase	10%	\$ _____
d. Construction Phase	15%	\$ _____
e. Post Construction Phase	5%	\$ _____
3. The Lump Sum compensation for services performed or furnished under paragraphs A.1.02 through A.1.06 shall include the following sums, paid in the following manner:
 - a. A sum which equals 50 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2, above, after the Final Design Phase documents are completed and submitted to OWNER and AGENCY.
 - b. A sum which, together with the compensation provided under paragraph C.4.01.A.3.a, above, equals 70 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2, after Final Design Phase Services are considered complete as defined in Exhibit A.
 - c. A sum, which, together with the compensation provided in paragraphs C.4.01.A.3.a and b, above, equals 80 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2, immediately after Contracts for Work are rewarded.

d. A sum equal to 15 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2 will be paid for general engineering review of the Contractor's Work during the construction period on percentage ratios identical to those approved by the ENGINEER as a basis upon which to make partial payments to the CONTRACTOR(s). Payments will be made on a monthly basis. However, payment under this paragraph and of such additional sums as are due the ENGINEER by reason of any necessary adjustments in the payment computations will be in an amount so that the aggregate of the sums paid to the ENGINEER under paragraphs C.4.01.A.3.a through C.4.01.A.3.d will equal 95 percent of the Lump Sum amount stipulated in paragraph C.4.01.A.2.

e. A final payment, which, together with the compensation provided in paragraphs C.4.01.A.3.a through C.4.01.A.3.d., equals 100 percent of the Lump Sum compensation payable under paragraph C.4.01.A.2. shall be made when it is determined that all services required under paragraphs A.1.02. through A.1.05 have been completed. Such payment includes payment for Post-Construction Phase services. ENGINEER remains responsible to OWNER for the technical adequacy and completeness of such services.

4. When the project cost is modified as a result of a change order which calls for the performance of work within the original scope of the project, or incidental thereto, performance of the work shall not qualify for an increase or decrease in the Basic Services Fee."

5. Changes in Project cost associated with significant change orders, such as additional line extensions or other items, which were not a part of the original scope of the project, will be sufficient justification for adjustment in the basic Services Fee, subject to review and approval by the OWNER and the AGENCY. Generally, in such cases, the ENGINEER will be compensated for the additional work necessitated by change order (s) based on the original percentage of Basic Fee as compared to the original budgeted amounts for construction, excluding construction contingency.

6. If the OWNER requires the ENGINEER to carry the cost of providing Preliminary and Final Design Phase Services, the ENGINEER will be entitled to interest payments by the OWNER in accordance with Article 4.02.B when all of the following exist:

- a. The OWNER has received a Letter of Conditions from the AGENCY and/or all funding for the Project has been obtained.
- b. Plans and specifications have been approved by either the WV Bureau for Public Health – Environmental Engineering Division, or WV Division of Environmental Protection, as applicable.

B. *Period of Service.* The compensation amount stipulated in paragraph C.4.01.A.2 is conditioned on a period not exceeding _____ months. Should such period of service be extended beyond the period stated, through no fault of the ENGINEER, the compensation amount for ENGINEER's services shall be appropriately adjusted.

C. *Payments Upon Termination.* In the event of termination at any time during the performance of the Basic Services for which the ENGINEER's compensation is the amount set forth in paragraph C.4.01.A.2, ENGINEER shall be paid through the Effective Date of Termination according to the portion of services rendered. Provisions of Paragraph 6.06.A of the Agreement shall apply in determining payment.

D. *Construction Cost Limit.* If paragraph 5.02 of the Agreement is amended and supplemented by Exhibit F, ENGINEER shall so modify the Contract Documents thereunder without an increase in compensation for Basic Services provided and furnished under paragraph C.4.01.

A. OWNER shall pay ENGINEER for Resident Project Representative services under paragraph A.1.05 (Construction Phase) on an Hourly Rate as described in Paragraph C.4.02.A.2 - 3 or Percentage of Construction as described in Paragraph C.4.02.A.2 - 4.

1. Services and Reimbursable Expenses in accordance with Attachment 1.
2. The total compensation for Resident Project Representative services is predicate on the Contract Times not exceeding _____ months and is estimated to be \$_____ which such compensation shall not exceed without written approval of OWNER and concurrence of AGENCY.
3. ENGINEER shall submit itemized invoices pursuant to paragraph 4.02.A for services furnished and Reimbursable Expenses incurred during the billing period. The invoice will be due and payable by the OWNER to the ENGINEER on or before the 10th day of the following period.
4. Payment for Resident Project Representative Services shall be on a monthly basis prorated according to the percentage of construction completed.

B. AGENCY regulations require “full time” construction observation on projects financed with loan and grant funds. In order to establish a definition for “full time” construction observation and to establish the amount of the resulting cost, the following table may be used to estimate the level of minimum effort required:

	FUNCTION	HOURS/WORKING DAY
a.	Water Distribution System	8 hrs.
b.	Water Storage Tank	3 hrs.
c.	Water Well	3 hrs.
d.	Water Treatment Plant	5 hrs.
e.	Wastewater Collection System	8 hrs.
f.	Wastewater Plant System	5 hrs.

Using the table above, the Resident Project Representative fees are to be calculated as follows:

$$\text{Fee} = (\text{contract time}) \times (5 \text{ work days} / 7 \text{ calendar days}) \times (\text{hours} / \text{working day}) \times (\text{hourly rate})$$

C. In Preparing the Preliminary Engineering Report and Engineering Agreement, the Engineer must estimate the contract time for each individual construction agreement. Using estimated contract time, the Resident Project Representative fees are to be estimated as follows:

$$\text{Fee} = (\text{contract time-weeks}) \times (40 \text{ hours per week}) \times (\text{hourly rate}) + (\text{estimated reimbursable expenses})$$

C.4.03 For Additional Services

A. Additional Services are those services described in Part 2 of Exhibit A.

B. OWNER shall pay ENGINEER for Additional Services as follows:

1. For services of ENGINEER's employees engaged directly on the Project pursuant to Part 2 of Exhibit A, an amount equal to the cumulative hours devoted to the Project by each billing class of Engineer's employees times the hourly rates for each applicable billing class plus Reimbursable Expenses.
2. ENGINEER's Standard Hourly Rates Schedule and Reimbursable Expenses Schedule is attached to this Exhibit C as Attachment 1.
3. The estimated total compensation for services under this paragraph C.4.03 is estimated to be \$_____, Which shall not be exceeded without the written approval of OWNER and the written concurrence of AGENCY.

C.4.04 For Reimbursable Expenses

A. Compensation to ENGINEER under paragraph C.4.01 includes payment for the following categories of Reimbursable Expenses: transportation and subsistence incidental thereto; costs associated with obtaining bids or

proposals from Contractor(s); toll telephone calls, facsimiles and courier services; reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Project-related items.

B. Reimbursable Expenses reasonably and necessarily incurred in connection with services provided under paragraphs C.4.02 and C.4.03 include providing and maintaining field office facilities including furnishings and utilities, subsistence and transportation for Resident Project Representatives and their assistants, and will be paid at the rate set forth in Attachment 1.

C.4.05 ENGINEER's Consultants' Charges

A. Compensation to ENGINEER for services provided under Exhibit C includes:

1. ENGINEER's Consultants' charges.
2. ENGINEER's general and administrative overhead and profit associated with its responsibility for and the expenses of such services and direct costs.

C.4.06 Standard Hourly Rates

A. Standard Hourly Rates set forth in Attachment 1 include salaries and wages paid to personnel in each billing class, the cost of customary and statutory benefits, general and administrative overhead, and operating margin or profit.

C.4.07 Adjustments

A. All adjustments to ENGINEER's compensation shall be in accordance with generally accepted accounting practices as applied on a consistent basis by ENGINEER and consistent with ENGINEER's overall compensation practices and procedures.

B. The Standard Hourly Rates and Reimbursable Expenses Schedules used in determining compensation payable to ENGINEER will be adjusted annually (as of _____) to reflect equitable changes in the various components of said schedules.

C.4.08 Summary of Payments to ENGINEER

A. The compensation provisions of this Exhibit C are summarized as follows:

<u>Description of Services</u>	<u>Amount</u>	<u>Basis of Payment</u>
1. Study and Report Phase Complete	\$ _____	Lump Sum
2. Basic Services		
a. Final Design Phase Documents Completed and Submitted to OWNER and AGENCY	\$ _____	Lump Sum
b. Final Design Phase Complete	\$ _____	Lump Sum
c. Contracts Awarded	\$ _____	Lump Sum
d. Construction Phase Periodic Payments (Aggregate)	\$ _____	Lump Sum
e. Construction Phase Complete	\$ _____	Lump Sum

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3. Resident Project Representative	\$ _____ *	Attachment 1
4. Additional Services	\$ _____	Hourly I Expenses

TOTAL ESTIMATED CONTRACT AMOUNT

\$ _____ *

* Compensation amounts so designated are estimates only, and ENGINEER shall be paid in full for all authorized Project-related services.